



# Department of Justice

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## **NATURAL GAS PIPELINE CONSTRUCTION COMPANY AND EXECUTIVE AGREE TO PLEAD GUILTY TO PARTICIPATING IN BID-RIGGING CONSPIRACY**

WASHINGTON — A natural gas pipeline construction company headquartered in Tulsa, Oklahoma and one of its executives have agreed to plead guilty to participating in a conspiracy to restrain trade by rigging bids submitted to BP America Production Company for the construction of natural gas pipelines in the Upper San Juan Basin in Colorado, the Department of Justice announced today.

According to the charge filed in the U.S. District Court in Denver, Flint Energy Services Inc. (Flint) and Kenneth L. Rains, former regional manager of Flint's Farmington, N.M. office, violated Section One of the Sherman Act by engaging in a conspiracy to rig bids from approximately June 2005 until December 2005. The rigged bids were submitted to BP's offices in Durango, Colo. and Houston. During the conspiracy Flint was awarded at least four contracts totaling \$672,036.

Under the plea agreements, both of which must be approved by the court, the government is recommending that Flint be sentenced to pay a \$100,000 fine, and that Rains be sentenced to pay a \$10,000 fine and serve a term of imprisonment, to be determined by the court. Both Flint and Rains will assist the government with its ongoing investigation.

"Today's pleas underscore the Department's commitment to protecting competition in the energy sector and its determination to prosecute those who deprive consumers of the benefits

of free and open competition by rigging bids,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division.

According to the charge, Flint through Rains and co-conspirators:

- Discussed the prospective submission of bids for pipeline construction projects;
- Allocated the pipeline construction projects among themselves;
- Designated who would be the low bidder for the projects and who would submit a higher, complementary bid;
- Submitted the non-competitive and rigged bids to BP, as agreed upon;
- Accepted payment from BP for work done on pipeline construction projects awarded as a result of non-competitive and rigged bids submitted in furtherance of the conspiracy; and
- Concealed and attempted to conceal the conspiracy.

Natural gas is transported across the United States through an interconnected web of underground pipelines. The below ground infrastructure carries the gas from producing regions to local utilities. The San Juan Basin in Colorado and New Mexico is one of the largest natural gas producing regions in the country.

The bid rigging charge, a violation of 15 U.S.C. § 1, carries a maximum fine for a corporation of \$100 million. The maximum fine for an individual is \$1 million and up to 10 years in prison. The maximum fine level may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those two amounts are greater than the statutory maximum.

The investigation, which is continuing, is being conducted with the assistance of the Federal Bureau of Investigation offices in Colorado Springs and Durango, Colo. and the office in Farmington, N.M.

Anyone with information concerning bid rigging or other anticompetitive conduct in the pipeline construction industry should contact the Chicago Field Office of the Antitrust Division at 312-353-7530.

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